

Message Text

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ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 EB-11 COME-00 TRSE-00 OPIC-12

AID-20 CIAE-00 INR-10 NSAE-00 RSC-01 OMB-01 L-03

DRC-01 /078 W

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R 240723Z OCT 73

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 7628

C O N F I D E N T I A L BANGKOK 16505

E.O. 11652: GDS

TAGS: ETRD, US

SUBJECT: NORTHROP AND SECOND INTERNATIONAL AIRPORT

REF: A) STATE 206488

B) BANGKOK 16008

C) BANGKOK 16434

1. EMBASSY REGRETS CONFUSION CAUSED BY REVERSAL OF FIGURES FOR DEBT REPAYMENT AND FOR OPERATION OF AIRPORT. REFTEL B) SHOULD HAVE READ 75 PERCENT OF REVENUES TO COVER DEBT AND 25 PERCENT FOR OPERATING COSTS. BAILHE OF LOCAL NADC OFFICE INDICATED TO ECON/CML COUNSELOR OCTOBER 24 THAT HE HAD BEEN INFORMED BY HIS HOME OFFICE ABOUT EXIM BANK QUESTION ON EMBASSY FIGURES.

2. BAILHE REMAINS OPTIMISTIC ABOUT PROSPECTS FOR SECOND AIRPORT, AND CLAIMS THIS VIEW SUPPORTED BY CONVERSATIONS WITH OSOT KOSIN, NEW MINISTER FOR INDUSTRY, AND WITH DAWEE, NEW MINISTER FOR DEFENSE. ALSO SAID HE HAD NOT TALKED WITH REAR ADMIRAL CHALIE, NEW MINISTER FOR COMMUNICATIONS. HOWEVER, REGARDED CHALIE AS AT LEAST NOT OPPOSED AND ALSO AS BEING FAMILIAR WITH PROJECT BY VIRTUE OF HAVING PARTICIPATED IN MEETINGS OF RTG NEGOTIATING COMMITTEE, ALTHOUGH NOT A MEMBER OF IT. REITERATED PREVIOUS ASSERTIONS THAT DR. SIRILAK, UNDER-SEC. OF STATE, MIN. OF
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COMMUNICATIONS, REMAINED FOCAL POINT OF OPPOSITION.

3. REAL PROBLEM NOT WITH RTG BUT WITH EXIM, ACCORDING TO BAILHE WHO SAID HE WAS SPEAKING PERSONALLY ON THIS SUBJECT, WHICH HOLDING TO POSITION THAT IF 80 PERCENT OF REVENUE NOT ADEQUATE TO MEET DEBT REPAYMENT SCHEDULE THEN RTG SHOULD AGREE TO MAKE UP THE BALANCE FROM ITS OWN RESOURCES. BAILHE CLAIMS IT IS LATTER POINT THAT IS MAJOR OBSTACLE FOR RTG WHICH HAD TAKEN POSITION IN DEFENDING CONTRACT WITH NORTHROP THAT NO GOVERNMENT MONIES AND NO GOVERNMENT GUARANTEES WOULD BE REQUIRED. IN BAILHE'S VIEW ANOTHER MONTH OR TWO MAY BE REQUIRED TO WORK OUT A NEW PROPOSAL TO PRESENT TO RTG ON REPAYMENT PROVISIONS IN EVENT OF DEFAULT, AND THAT VIEWS OF OTHER POTENTIAL LENDING INSTITUTIONS, IN ADDITION TO EXIM, WOULD HAVE TO BE INCLUDED..

4. EMBASSY WILL MAKE INQUIRIES OF NEW GOVERNMENT OFFICIALS ON SECOND AIRPORT ASAP. TENTATIVE VIEW REMAINS THAT PROSPECTS FOR EARLY FAVORABLE ACTION HAVE DARKENED AS RESULT OF CHANGE OF GOVERNMENT (REFTEL C), BUT THAT IT MAY STILL BE APPROVED AFTER A PERIOD OF DELAY,WHICH SHOULD BE ANTICIPATED IN ANY EVENT BECAUSE OF TIME REQUIRED FOR NEW CABINET TO FAMILIARIZE ITSELF WITH PROJECT. MOREOVER, NEW GOVERNMENT EXPECTED TO PROCEED SLOWLY ON SECOND AIRPORT BECAUSE OF PUBLIC CONTROVERSY, INCLUDING CHARGES OF EXTENSIVE CORRUPTION, THAT MARRED CONSIDERATION OF THE PROJECT DURING SEVERAL MONTHS OF THE NEGOTIATIONS BETWEEN NORTHROP AND OLD RTG.
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